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U.S. Recovers \$19 Million from AMEC Construction Management to Settle Litigation Regarding Fraud, False Claims, Kickbacks & Re-Procurement Costs on Federal Construction Contracts

WASHINGTON – The United States has recovered more than \$19 million from AMEC Construction Management Inc. (ACMI) to resolve allegations of fraud, false claims and kickbacks on four General Services Administration (GSA) construction contracts, as well as litigation over claims by the GSA for excess re-procurement costs incurred by GSA after it terminated ACMI's contract to build the Thomas F. Eagleton United States Courthouse in St. Louis, Missouri, the Department of Justice announced today. ACMI was formerly known as Morse Diesel International Inc.

In counterclaims filed in the U.S. Court of Federal Claims, the United States sought damages and penalties under the False Claims Act, the Anti-Kickback Act and common law theories for false bond reimbursement claims submitted by ACMI to the GSA and bond premium kickbacks paid by the company's bond broker to ACMI's United Kingdom parent company, AMEC plc, on four federal contracts: two for the construction of the Eagleton Courthouse; a third for the construction of the U.S. courthouse and federal building in Sacramento, Calif.; and a fourth for renovations to the U.S. customs house in San Francisco. The government also sought a declaration from the court that ACMI's claims against the government were forfeited on account of its fraud, as provided by the Forfeiture of Fraudulent Claims Act.

In July 2005 and January 2007, the U.S. Court of Federal Claims granted summary judgment against ACMI and held the company liable to the United States for its violations of the Anti-Kickback Act and the False Claims Act. The court also held that ACMI had forfeited its right to pursue its own claims against the government. In October 2007, the federal claims court awarded the government damages and penalties totaling nearly \$7.3 million. The government obtained a writ of garnishment for the damages and penalties owed it in the U.S. District Court for the District of New Jersey, and ACMI has agreed to have a total of more than \$8 million paid to the government as part of the settlement.

The settlement also will resolve litigation in the Court of Federal Claims regarding the excess re-procurement costs incurred by the GSA when it undertook the completion of the Eagleton Courthouse after terminating ACMI for default in 1999. ACMI has agreed to settle those claims for a total of more than \$11 million, including amounts that the GSA retained as set-offs from other matters involving ACMI.

"Federal contractors who commit fraud against the government will be pursued aggressively and will be held accountable for their violations of law," said Michael F. Hertz, Acting Assistant Attorney General of the Department of Justice's Civil Division. "This settlement is an example of the Department's determination to ensure that federal funds are protected from fraud and abuse."

The case was filed after an audit and investigation by the GSA's Office of the Inspector General revealed the bond fraud. The kickbacks were uncovered during the litigation. ACMI also entered guilty pleas to felony fraud in the U.S. District Court for the Eastern District of Missouri in December 2000 and in the U.S. District Court for the Eastern District of California in March 2002 for the bond frauds involved in today's civil settlement.

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